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Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY

APR 11 1963

consolidated
financial
statement

December 31, 1961





Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1961 (Expressed in Canadian Currency)

Assets

Current Assets

| | | |
|--|-------------------|-------------------|
| Cash on hand and in banks | \$ 1,924,555.07 | |
| Accounts receivable—trade | \$3,566,284.89 | |
| Less reserve for doubtful accounts (after provision for taxes) | <u>118,807.41</u> | 3,447,477.48 |
| Admiral Corporation and related companies—trade accounts | | 3,027,046.51 |
| Inventory of parts, work in process and finished goods as certified by the management and valued on a basis of cost or market whichever was the lower | | 2,899,496.44 |
| Goods in transit—at cost | | <u>203,631.54</u> |
| | | \$11,502,207.04 |

Investment—at cost 320.00

Investment in Unconsolidated Subsidiary—at cost 5,005.00

Advances to Unconsolidated Subsidiary 300,000.00

Fixed Assets—at cost

| | | |
|---|---------------------|------------|
| Land | \$ 31,055.71 | |
| Buildings | \$ 786,888.76 | |
| Equipment | <u>893,117.47</u> | |
| | \$1,680,006.23 | |
| Less reserve for depreciation | <u>1,040,386.30</u> | 639,619.93 |
| Leasehold improvements, amortized to date | <u>43,125.55</u> | 713,801.19 |

Deferred Charges 32,054.13
\$12,553,387.36

Current Liabilities

Accounts payable
Income tax withheld from wages and
Accrued wages and other expenses
Excise and sales taxes payable
Provision for dominion and provincial
Reserve for warranties (after provision)

Capital Stock and Surplus

Capital stock:
Authorized—300,000 shares at a
Issued and fully paid—
287,776 shares
Note: 100,000 shares issued as
and \$5,000.00 cash
Capital surplus

Earned surplus December 31, 1961

Vincent Barreca, DIRECTOR

Stuart D. Brownlee, DIRECTOR

The notes
to the financial
statements are
and should be
read in
conjunction
with the
financial
statements.

Auditors' report to the shareholders

We have examined the balance sheet of Canadian Admiral Corporation, Ltd. and of its subsidiary company Canadian Admiral Sales Limited as at December 31, 1961, and the statement of income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the above consolidated balance sheet and accompanying

consolidated statement of income and earned surplus for the year ended on that date, drawn up so as to exhibit a true and correct view of the financial position of Canadian Admiral Corporation, Ltd. and its subsidiary company Canadian Admiral Sales Limited and its operations for the year ended on that date, in accordance with the accounting principles applied on a basis consistent with the

TORONTO, FEBRUARY 9, 1962

Liabilities

| | |
|--------------------|------------------------|
| ..... | \$ 1,764,120.23 |
| royalties | 22,923.12 |
| ..... | 121,888.88 |
| ..... | 549,513.01 |
| income taxes | 410,130.63 |
| for taxes) | 58,514.41 |
| | <u>\$ 2,927,090.28</u> |

value of \$1.00 per share ... \$ 300,000.00

..... \$ 287,776.00

deration for contract rights, etc.

..... 781,002.72

\$1,068,778.72

..... 8,557,518.36 9,626,297.08
\$12,553,387.36

consolidated financial state-
integral part of this statement
e read in conjunction herewith.

earned surplus, together with the notes attached, are properly
rect view of the state of the consolidated affairs of Canadian
idiary company as at December 31, 1961, and the results of
hat date, in accordance with generally accepted accounting
with that of the preceding year.

J. CLARE WILCOX & CO.
CHARTERED ACCOUNTANTS
AUDITORS

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1961

| | |
|--|------------------------------|
| Net sales | \$18,000,622.99 |
| Cost of goods sold and general and administrative expenses | <u>16,983,789.02</u> |
| Net income before providing for the following: | \$ 1,016,833.97 |
| Executive remuneration | \$ 72,000.00 |
| Legal fees | 21,782.55 |
| Depreciation of fixed assets | 77,512.13 |
| Amortization of leasehold improvements | 13,536.44 |
| Amortization of contract rights, etc. | <u>15,463.88</u> 200,295.00 |
| Net operating profit | \$ 816,538.97 |
| Profit on sale of land | <u>33,579.53</u> |
| Net profit before providing for income taxes | <u>\$ 850,118.50</u> |
| Provided for dominion and provincial income taxes | \$429,112.98 |
| Deduct amount charged to reserves for doubtful accounts and warranties | <u>165,604.17</u> 263,508.81 |
| Net profit | \$ 586,609.69 |
| Earned surplus at beginning of year | <u>7,970,908.67</u> |
| Earned surplus at end of year— per accompanying consolidated balance sheet | <u>\$ 8,557,518.36</u> |

The notes to consolidated financial state-
ments are an integral part of this statement
and should be read in conjunction herewith.





**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY**

*NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1961*

Contingent Liabilities and Other Comments

- (1) Under the company's Retirement Income Plan, the estimated unfunded cost for past service benefits, as calculated by the actuaries, will amount to approximately \$80,351.84 at December 31, 1961, payable over seven years.
- (2) As at December 31, 1961, the company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.
- (3) The profit of the unconsolidated subsidiary for the year ended December 31, 1961, amounting to \$20,273.53 has not been recorded in the accounts.

directors

Vincent Barreca, Chairman
John M. Godfrey Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
John M. Godfrey Q.C.
Secretary
Gerald J. Clarke
Treasurer
George E. Driscoll
*Assistant Treasurer &
Assistant Secretary*

general offices and factories

501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA

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Canadian Admiral

CORPORATION, LTD.

AND SUBSIDIARY COMPANY

APR 11 1963

consolidated
financial
statement

December 31, 1962

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1962 (Expressed in Canadian Currency)

Assets

Current Assets

| | | |
|--|-------------------|-------------------|
| Cash on hand and in banks..... | \$ 2,400,582.27 | |
| Bank time deposit and certificate..... | 1,610,625.00 | |
| Accounts receivable—trade | \$4,175,982.75 | |
| Less reserve for doubtful accounts (after provision for taxes)..... | <u>132,402.58</u> | 4,043,580.17 |
| Admiral Corporation and related companies—trade accounts | | 13,915.31 |
| Inventory of parts, work in process and finished goods as certified by the management and valued on a basis of cost or market whichever was the lower | | 4,132,346.62 |
| Goods in transit—at cost | | <u>129,076.79</u> |
| | | \$12,330,126.16 |

Investment—at cost 320.00

Investment in Unconsolidated Subsidiary—at cost..... 5,005.00

Advances to Unconsolidated Subsidiary..... 300,000.00

Fixed Assets—at cost

| | | |
|--|-----------------------|------------|
| Land | \$ 31,055.71 | |
| Buildings | \$ 859,560.00 | |
| Equipment | 943,881.91 | |
| | <u>\$1,803,441.91</u> | |
| Less reserve for depreciation..... | <u>1,105,718.64</u> | 697,723.27 |
| Leasehold improvements, amortized to date..... | <u>50,928.06</u> | 779,707.04 |

Deferred Charges 118,405.79

\$13,533,563.99

Current Liabilities

Accounts payable
Due to unconsolidated subsidiary.....
Income tax withheld from wages.....
Accrued wages and other expenses.....
Excise and sales taxes payable.....
Provision for dominion and provincial taxes.....
Reserve for warranties (after provision for doubtful accounts).....

Capital Stock and Surplus

Capital stock:
Authorized—300,000 shares at \$10.00 per share.....
Issued and fully paid—
287,776 shares
Note: 100,000 shares issued
etc. and \$5,000.00 cash.....
Capital surplus

Earned surplus December 31, 1962.....

Vincent Barreca, DIRECTOR
Stuart D. Brownlee, DIRECTOR

Auditors' report to the shareholders

We have examined the balance sheet of Canadian Admiral Corporation, Ltd. and of its subsidiary company Canadian Admiral Sales Limited as at December 31, 1962, and the statement of income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanation given to us and as shown by the books of the companies, the above consolidated balance sheet and accompanying

consolidated statement of income and earned surplus for the year ended December 31, 1962, drawn up so as to exhibit a true and correct view of the financial position of Canadian Admiral Corporation, Ltd. and of its operations for the year ended on that date, in accordance with the principles applied on a basis com-

TORONTO, FEBRUARY 13, 1963

ANY
y)

Liabilities

| | |
|-------------------|------------------|
| ..... | \$ 2,292,842.89 |
| ..... | 3,418.08 |
| ..... | 26,055.31 |
| ..... | 123,454.89 |
| ..... | 688,695.09 |
| income taxes..... | 258,187.64 |
| n for taxes)..... | <u>62,002.08</u> |
| | \$ 3,454,655.98 |

ar value of \$1.00 per share.... \$ 300,000.00

..... \$ 287,776.00

consideration for contract rights,

| | | |
|-------|---------------------|------------------------|
| ..... | <u>781,002.72</u> | |
| | \$1,068,778.72 | |
| ..... | <u>9,010,129.29</u> | <u>10,078,908.01</u> |
| | | <u>\$13,533,563.99</u> |

to consolidated financial state-
n integral part of this statement
be read in conjunction herewith.

earned surplus, together with the notes attached, are properly
correct view of the state of the consolidated affairs of Canadian
subsidiary company as at December 31, 1962, and the results of
that date, in accordance with generally accepted accounting
at with that of the preceding year.

J. CLARE WILCOX & CO.
CHARTERED ACCOUNTANTS
AUDITORS

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1962

| | |
|--|----------------------|
| Net sales | \$21,123,380.85 |
| Cost of goods sold and general and administrative expenses..... | <u>20,027,556.95</u> |

Net income before providing for the following: \$ 1,095,823.90

| | | |
|--|------------------|-------------------|
| Executive remuneration | \$ 77,029.00 | |
| Legal fees | 15,861.60 | |
| Depreciation of fixed assets..... | 82,641.65 | |
| Amortization of leasehold improvements | <u>11,591.79</u> | <u>187,124.04</u> |

Net profit before providing for income taxes..... \$ 908,699.86 ✓

| | |
|---|---------------|
| Provided for dominion and provincial income taxes..... | \$ 463,520.94 |
|---|---------------|

| | | |
|---|-----------------|-------------------|
| Deduct amount charged to reserves for doubtful accounts and warranties | <u>7,432.01</u> | <u>456,088.93</u> |
|---|-----------------|-------------------|

Net profit \$ 452,610.93

Earned surplus at beginning of year..... 8,557,518.36

**Earned surplus at end of year—
per accompanying consolidated balance sheet.** \$ 9,010,129.29

The notes to consolidated financial state-
ments are an integral part of this statement
and should be read in conjunction herewith.

Canadian Admiral

CORPORATION, LTD.

AND SUBSIDIARY COMPANY

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1962

Contingent Liabilities and Other Comments

- (1) Under the company's Retirement Income Plan, the estimated unfunded cost for past service benefits, as calculated by the actuaries, will amount to approximately \$56,320.00 at December 31, 1962, payable over six years.
- (2) As at December 31, 1962, the company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.
- (3) The profit of the unconsolidated subsidiary for the year ended December 31, 1962, amounting to \$7,121.74 has not been recorded in the accounts.

directors

Vincent Barreca, Chairman
John M. Godfrey Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
John M. Godfrey Q.C.
Secretary
Gerald J. Clarke
Treasurer
George E. Driscoll
*Assistant Treasurer &
Assistant Secretary*

general offices and factories

501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA

AR05

copy report file

Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY

3 lines

consolidated

financial

statement

DECEMBER 31, 1965

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1965 with comparative figures for 1964 (Expressed in Canadian Currency)

Assets

| | 1965 | *1964 |
|--|---------------------|---------------------|
| Current Assets | | |
| Cash on hand and in banks | \$ 3,499,966 | \$ 3,738,425 |
| Accounts receivable (less allowance for doubtful accounts) | 4,952,854 | 4,772,169 |
| Due from unconsolidated subsidiary | 138,356 | 120,253 |
| Inventories of finished products, work in process and raw materials—at the lower of cost or market | 5,710,551 | 4,988,592 |
| Prepaid expenses | 93,213 | 36,605 |
| Total current assets | <u>\$14,394,940</u> | <u>\$13,656,044</u> |
| Investment in Unconsolidated Subsidiary—at cost | \$ 5,005 | \$ 5,005 |
| Advances to Unconsolidated Subsidiary | \$ 300,000 | \$ 300,000 |
| Property, Plant and Equipment | | |
| Land, building, machinery and equipment—at cost | \$ 2,741,018 | \$ 2,368,620 |
| Less accumulated depreciation | 1,458,491 | 1,303,361 |
| | <u>\$ 1,282,527</u> | <u>\$ 1,065,259</u> |
| Unamortized cost of tools, dies and leasehold improvements | 172,289 | 126,140 |
| | <u>\$ 1,454,816</u> | <u>\$ 1,191,399</u> |
| | <u>\$16,154,761</u> | <u>\$15,152,448</u> |

Signed on behalf of the Board

Vincent Barreca, DIRECTOR

Stuart D. Brownlee, DIRECTOR

Current Liabilities

Accounts payable and accrued liabilities
Income and other taxes payable
Admiral Corporation and subsidiary trade accounts
Total current liabilities

Allowance for Warranties

Deferred Income Taxes

Total liabilities

Shareholders' Equity

Capital Stock:
Common—par value \$1.00
Authorized—300,000 shares
Issued and fully paid—299,000 shares
Capital surplus

Retained earnings

* reclassified for comparative purposes

The accompanying notes are an integral part of this statement.

Auditors' report to the Shareholders

We have examined the balance sheet of Canadian Admiral Corporation, Ltd. and of its subsidiary company Canadian Admiral Sales Limited as at December 31, 1965, and the statement of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the above consolidated balance sheet and

accompanying consolidated statement of income and retained earnings, as shown on the accompanying consolidated affairs of Canadian Admiral Corporation, Ltd. and its subsidiary company Canadian Admiral Sales Limited as at December 31, 1965, and the statement of income and retained earnings for the year ended on that date, are in accordance with generally accepted accounting principles of the preceding year.

TORONTO, FEBRUARY 4, 1966.

for 1964

Liabilities

| | 1965 | *1964 |
|-----------------|---------------------|---------------------|
| expenses | \$ 2,603,011 | \$ 2,911,643 |
| ..... | 1,209,361 | 793,842 |
| d companies— | | |
| ..... | 152,320 | 152,910 |
| ..... | <u>\$ 3,964,692</u> | <u>\$ 3,858,395</u> |
| ..... | 186,916 | 137,805 |
| ..... | 43,421 | 27,859 |
| ..... | <u>\$ 4,195,029</u> | <u>\$ 4,024,059</u> |
| per share— | | |
| 76 shares | \$ 287,776 | \$ 287,776 |
| ..... | 781,003 | 781,003 |
| ..... | <u>\$ 1,068,779</u> | <u>\$ 1,068,779</u> |
| ..... | 10,890,953 | 10,059,610 |
| ..... | <u>\$11,959,732</u> | <u>\$11,128,389</u> |
| ..... | <u>\$16,154,761</u> | <u>\$15,152,448</u> |

ses.

integral part of this statement.

nt of income and retained earnings, together with the notes
o as to exhibit a true and correct view of the state of the
dmiral Corporation, Ltd. and its subsidiary company as at
its of its operations for the year ended on that date, in
accounting principles applied on a basis consistent with that

J. CLARE WILCOX & CO.
CHARTERED ACCOUNTANTS,
AUDITORS.

Canadian Admiral CORPORATION, LTD, AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1965

with comparative figures for 1964

| | 1965 | *1964 |
|--|---------------------|---------------------|
| Sales | <u>\$30,406,391</u> | <u>\$26,687,558</u> |
| Cost of goods sold, selling, gen- eral and administrative ex- penses | <u>28,160,869</u> | <u>25,357,443</u> |
| Income—before the items below | <u>\$ 2,245,522</u> | <u>\$ 1,330,115</u> |
| Deduct— | | |
| Provision for depreciation .. | \$ 176,596 | \$ 138,311 |
| Amortization of tools, dies and leasehold improvements.. | 118,985 | 94,500 |
| Directors' remuneration | 64,842 | 65,630 |
| | <u>\$ 360,423</u> | <u>\$ 298,441</u> |
| Net income before provision for income taxes | <u>\$ 1,885,099</u> | <u>\$ 1,031,674</u> |
| Provision for income taxes ... | <u>953,034</u> | <u>512,998</u> |
| Net income | <u>\$ 932,065</u> | <u>\$ 518,676</u> |
| Retained earnings at beginning of year | <u>10,059,610</u> | <u>9,540,934</u> |
| | <u>\$10,991,675</u> | <u>\$10,059,610</u> |
| Dividend paid | <u>100,722</u> | <u></u> |
| Retained earnings at end of year | <u>\$10,890,953</u> | <u>\$10,059,610</u> |

* reclassified for comparative purposes.

The accompanying notes are an integral part of this statement.

Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1965

- (1) The profit of the unconsolidated finance subsidiary for the year ended December 31, 1965, amounting to \$298 has not been recorded in the accounts. Total earnings of this subsidiary since acquisition amount to \$38,180. It has not been consolidated in this statement due to the nature of its business.
- (2) Certain current assets and current liabilities in foreign currencies were converted at the rate of exchange prevailing at the close of the year.
- (3) The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$138,500.
- (4) The company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.

directors

Vincent Barreca, Chairman
John M. Godfrey Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
Walter A. Turner
Treasurer
John M. Godfrey Q.C.
Secretary
James J. Fairley
Comptroller
George E. Driscoll
Assistant Treasurer and
Assistant Secretary

general offices and factories

501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA

AR05

File
Canadian Admin

CORPORATION, LTD.

AND SUBSIDIARY

ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1966 with comparative figures
(Expressed in Canadian Currency)

Assets

| | 1966 | 1965 |
|--|---------------------|---------------------|
| Current Assets | | |
| Accounts receivable (less allowance for doubtful accounts) | \$ 1,256,334 | \$ 3,499,966 |
| Due from unconsolidated subsidiary | 7,145,198 | 4,952,854 |
| Corporation and related companies—trade accounts | 68,010 | |
| Due from unconsolidated subsidiary | | 138,356 |
| Inventories—at the lower of cost or market | 8,309,629 | 5,710,551 |
| Prepaid expenses | 51,202 | 93,213 |
| Other current assets | <u>\$16,830,373</u> | <u>\$14,394,940</u> |
| Deferred Refundable Tax | \$ 51,000 | |
| Due in and Advances to Unconsolidated Subsidiary | <u>\$ 505,005</u> | <u>\$ 305,005</u> |
| Plant and Equipment | | |
| Machinery and equipment—at cost | \$ 3,440,724 | \$ 2,741,018 |
| Accumulated depreciation | 1,645,009 | 1,458,491 |
| | <u>\$ 1,795,715</u> | <u>\$ 1,282,527</u> |
| Unamortized cost of tools, dies and leasehold improvements | 142,543 | 172,289 |
| | <u>\$ 1,938,258</u> | <u>\$ 1,454,816</u> |
| | <u>\$19,324,636</u> | <u>\$16,154,761</u> |

Prepared on behalf of the Board

Incent Barreca, DIRECTOR
Stuart D. Brownlee, DIRECTOR

Current Liabilities

| |
|---|
| Accounts payable and accrued liabilities |
| Income and other taxes |
| Due to unconsolidated subsidiary |
| Admiral Corporation and related companies |
| Total current liabilities |
| Allowance for Warranties |
| Deferred Income Taxes |
| Total liabilities |

Shareholders' Equity

| |
|-------------------------------|
| Capital Stock |
| Common—par value \$1.00 |
| Authorized—300,000 shares |
| Issued and fully paid—200,000 |
| Capital surplus |
| Retained earnings |

The accompanying notes are an integral part of this statement.

Auditors' report to the Shareholders

We have examined the consolidated balance sheet of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary company as at December 31, 1966, and the statement of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting documents as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, the consolidated balance sheet shown by the books of the companies, the above consolidated balance sheet and

the accompanying consolidated statement of income and retained earnings attached, are properly drawn up and present a true and fair view of the consolidated affairs of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary company as at December 31, 1966, and for the year ended on that date, in accordance with the accounting principles consistently applied and consistent with that of the preceding year.

Dated at Toronto, Ontario, this 1st day of FEBRUARY 3, 1967.

or 1965

Liabilities

| | 1966 | 1965 |
|------------------------|--------------|--------------|
| expenses | \$ 4,051,221 | \$ 2,603,01 |
| | 1,666,358 | 1,209,36 |
| y | 11,917 | |
| ed companies—trade ac- | | 152,321 |
| | \$ 5,729,496 | \$ 3,964,69 |
| | 242,692 | 186,911 |
| | 30,000 | 43,42 |
| | \$ 6,002,188 | \$ 4,195,024 |
| er share | | |
| is | | |
| 776 shares | \$ 287,776 | \$ 287,776 |
| | 781,003 | 781,003 |
| | \$ 1,068,779 | \$ 1,068,779 |
| | 12,253,669 | 10,890,953 |
| | \$13,322,448 | \$11,959,731 |
| | \$19,324,636 | \$16,154,761 |

eral part of this statement.

t of income and retained earnings, together with the note
as to exhibit a true and correct view of the state of the
Admiral Corporation, Ltd. and its consolidated subsidiary
and the results of its operations for the year ended on
generally accepted accounting principles applied on a basis
year.

J. CLARE WILCOX & CO
CHARTERED ACCOUNTANTS

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1966

with comparative figures for 1965

| | 1966 | 1965 |
|--|--------------|--------------|
| Sales | \$41,598,295 | \$30,406,391 |
| Cost of goods sold, selling, gen- eral and administrative ex- penses | 38,383,580 | 28,160,869 |
| Income—before the items below | \$ 3,214,715 | \$ 2,245,522 |
| Deduct— | | |
| Provision for depreciation | \$ 209,004 | \$ 176,596 |
| Amortization of tools, dies and leasehold improvements | 71,448 | 118,985 |
| Directors' remuneration | 115,547 | 64,842 |
| | \$ 395,999 | \$ 360,423 |
| Net income before provision for income taxes | \$ 2,818,716 | \$ 1,885,099 |
| Provision for income taxes | 1,456,000 | 953,034 |
| Net income | \$ 1,362,716 | \$ 932,065 |
| Retained earnings at beginning of year | 10,890,953 | 10,059,610 |
| | \$12,253,669 | \$10,991,675 |
| Dividend paid | | 100,722 |
| Retained earnings at end of year | \$12,253,669 | \$10,890,953 |

The accompanying notes are an integral part of this statement.

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1966

- (1) Investments in and advances to the unconsolidated wholly-owned finance company, Ensign Acceptance Corporation Ltd., comprise:

| | |
|-------------------------------------|------------------|
| Investments in shares at cost | \$ 5,005 |
| Advances | 500,000 |
| | <u>\$505,005</u> |

This investment and advance plus the retained earnings of \$86,526 of Ensign Acceptance Corporation Ltd. are represented by: Current assets (including instalment contracts due after one year) of \$2,489,121 less current liabilities of \$2,058,349 plus other assets of \$160,759.

The net income of this company amounted to \$48,346 for 1966 and \$298 for 1965. These amounts have not been reflected in the accompanying financial statements. The accounts of the finance subsidiary have not been consolidated in this statement due to the material difference in the nature of the business.

- (2) Certain current assets and current liabilities in foreign currencies were converted at the rate of exchange prevailing at the close of the year.
- (3) The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$151,474.
- (4) The company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.

directors

Vincent Barreca, Chairman
John M. Godfrey, Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
Walter A. Turner
Treasurer
John M. Godfrey Q.C.
Secretary
James J. Fairley
Comptroller
George E. Driscoll
*Assistant Treasurer and
Assistant Secretary*

general offices and factories

501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA

DECEMBER 31, 1969

DIRECTORS

Vincent Barreca, *Chairman*
 Stuart D. Brownlee
 George E. Driscoll
 John M. Godfrey, Q. C.
 Ross D. Siragusa, Jr.
 Edwin Whittaker

OFFICERS

Stuart D. Brownlee
President
 Edwin Whittaker
*Executive Vice President-
 Marketing*
 G. L. Irvine
Vice President-Special Products
 J. A. Reed
*Vice President-Sales,
 Province of Quebec*
 John Stubbs
Vice President-Operations
 Walter A. Turner
*Vice President-Finance and
 Treasurer*
 John M. Godfrey, Q. C.
Secretary
 Robert Topp
Comptroller
 George E. Driscoll
*Assistant Treasurer and
 Assistant Secretary*

**CANADIAN
 ADMIRAL**
 CORPORATION, LTD.
 AND SUBSIDIARY

GENERAL OFFICES AND FACTORY

501 Lakeshore Road
 Port Credit, Ontario, Canada

**CANADIAN
 ADMIRAL**
 CORPORATION, LTD.
 AND SUBSIDIARY

**CONSOLIDATED
 FINANCIAL
 STATEMENT**

DECEMBER 31, 1969

CANADIAN ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969 (WITH COMPARATIVE FIGURES FOR 1968) (Expressed in Canadian Dollars)

| ASSETS | | LIABILITIES | |
|---|--------------|--|---|
| Current Assets | | Current Liabilities | |
| Cash | \$ 1,512,762 | \$ 4,406,572 | Accounts payable and accrued liabilities |
| Accounts receivable (less allowance for doubtful accounts) | 9,096,320 | 7,339,090 | Income and other taxes payable |
| Federal refundable tax | 19,004 | | Due to unconsolidated subsidiaries |
| Inventories—at the lower of cost or net realizable value | 9,141,096 | 7,707,198 | Note payable to Admiral Corporation |
| Prepaid expenses (note 7) | 100,441 | 101,228 | Enterprises Corporation |
| Total current assets | \$19,869,623 | \$19,554,088 | Admiral Corporation and its subsidiaries—trade accounts payable |
| Federal Refundable Tax | | \$ 57,825 | Total current liabilities |
| Investment in and note receivable from Unconsolidated Finance Subsidiary (at underlying book equity)—(note 1) | \$ 1,570,040 | \$ 1,051,637 | Allowance for Warranties and other provisions |
| Property, Plant and Equipment | | | Total liabilities |
| Land, building, machinery and equipment—at cost | \$ 4,725,327 | \$ 3,954,214 | Shareholders' Equity |
| Less accumulated depreciation | 2,218,538 | 2,021,675 | Capital Stock |
| | \$ 2,506,789 | \$ 1,932,539 | Common—par value \$1.00 |
| Unamortized cost of tools, dies and leasehold improvements | 154,724 | 154,543 | Authorized—300,000 |
| | \$ 2,661,513 | \$ 2,087,082 | Issued and fully paid up |
| Deferred Income Tax Charges | 528,600 | 390,000 | Capital surplus |
| | \$24,629,776 | \$23,140,632 | Retained earnings |
| Signed on behalf of the Board: | | The accompanying notes are an integral part of this statement. | |
| Vincent Barreca DIRECTOR | | | |
| Stuart D. Brownlee DIRECTOR | | | |

AUDITORS' REPORT

To the Shareholders of

Canadian Admiral Corporation, Ltd.

We have examined the consolidated balance sheet of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary as at December 31, 1969 and the consolidated

statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles.

CANADIAN ADMIRAL
CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF
INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1969
(With comparative figures for 1968)

cy)

| | 1969 | 1968 |
|---------------------|--------------|--------------|
| d expenses | \$ 4,924,401 | \$ 3,374,546 |
| | 1,815,767 | 1,854,087 |
| diary | 11,821 | 18,175 |
| national | 428,954 | |
| ed | | |
| s | 364,383 | 390,803 |
| | \$ 7,545,326 | \$ 5,637,611 |
| er Deferred Credits | 1,032,018 | 725,752 |
| | \$ 8,577,344 | \$ 6,363,363 |
| per share | | |
| res | | |
| 87,776 shares | \$ 287,776 | \$ 287,776 |
| | 781,003 | 781,003 |
| | \$ 1,068,779 | \$ 1,068,779 |
| | 14,983,653 | 15,708,490 |
| | \$16,052,432 | \$16,777,269 |
| | \$24,629,776 | \$23,140,632 |

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financial
cial posi-
nber 31,
ions and
unds for
with gen-
s applied

on a basis consistent with that of the preced-
ing year.

J. CLARE WILCOX & CO.
Chartered Accountants.

Toronto, Ontario,
February 5, 1970.

| | 1969 | 1968 |
|--|--------------|--------------|
| Sales | \$66,907,641 | \$55,017,167 |
| Cost of goods sold, selling, general and administrative expenses | 61,595,473 | 50,749,440 |
| Income—before the items below | \$ 5,312,168 | \$ 4,267,727 |
| Other deductions and other (income) | | |
| Provision for depreciation. | \$ 237,187 | \$ 210,811 |
| Amortization of tools, dies and leasehold improve- ments | 122,685 | 121,810 |
| Net income after taxes of finance subsidiary | (118,403) | (67,801) |
| | \$ 241,469 | \$ 264,820 |
| Net income before provision for income taxes | \$ 5,070,699 | \$ 4,002,907 |
| Provision for income taxes | 2,630,000 | 2,080,000 |
| Net income | \$ 2,440,699 | \$ 1,922,907 |
| Retained earnings at begin- ning of year | 15,708,490 | 13,785,583 |
| | \$18,149,189 | \$15,708,490 |
| Dividend paid | 3,165,536 | |
| Retained earnings at end of year | \$14,983,653 | \$15,708,490 |

The accompanying notes are an integral
part of this statement.

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CANADIAN ADMIRAL

CORPORATION, LTD. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF SOURCE
AND APPLICATION OF FUNDS FOR THE
YEAR ENDED DECEMBER 31, 1969**

(With comparative figures for 1968)

| | 1969 | 1968 |
|--|----------------------|---------------------|
| Source of Funds | | |
| Net income for year | \$ 2,440,699 | \$ 1,922,907 |
| Provision for depreciation | 237,187 | 210,811 |
| Amortization of tools, dies and leasehold improvements | 122,685 | 121,810 |
| Equity in earnings of unconsolidated finance subsidiary | (118,403) | (67,801) |
| Increase in allowance for warranties | 306,266 | 197,984 |
| Increase in deferred income tax charges—(note 7) | (138,600) | (125,561) |
| From operations | \$ 2,849,834 | \$ 2,260,150 |
| From Federal refundable tax | 57,825 | 13,196 |
| Total | \$ 2,907,659 | \$ 2,273,346 |
| Application of Funds | | |
| Dividend paid | \$ 3,165,536 | |
| Expenditures for property, plant and equipment | 811,437 | \$ 341,231 |
| Expenditures for tools, dies and leasehold alterations | 122,866 | 48,895 |
| Increase in advance to unconsolidated finance subsidiary | 400,000 | |
| Total | \$ 4,499,839 | \$ 390,126 |
| Increase (Decrease) in Working Capital | \$(1,592,180) | \$ 1,883,220 |
| Working Capital at beginning of year | 13,916,477 | 12,033,257 |
| Working Capital at end of year (note 7) | \$12,324,297 | \$13,916,477 |

The accompanying notes are an integral part of this statement.

CANADIAN ADMIRAL

CORPORATION, LTD. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS AS AT DECEMBER 31, 1969**

- (1) Investment in and note receivable from the finance subsidiary comprises:

| | |
|---|--------------------|
| Investment in shares at underlying book equity | \$ 370,040 |
| Note receivable—subordinated—due January 29, 1971 | 1,200,000 |
| | <u>\$1,570,040</u> |

The underlying net assets of the finance company (after elimination of note payable to parent) consist of current assets of \$5,944,243 (including instalment contracts due after one year), less current liabilities and sundry credits of \$4,546,357 plus other assets of \$172,154. The accounts of the finance subsidiary have not been consolidated in this statement due to the material difference in the nature of the business.

Under an agreement between the Company and the finance subsidiary the recourse obligations of the company in respect to repurchase of repossessions and evidence of indebtedness of any dealer, or manufacturer are limited in each calendar year to 25% of the finance company's average monthly total outstandings of the respective receivable category during the preceding calendar year.

- (2) Certain current assets and current liabilities in foreign currencies were converted to Canadian funds at the rate of exchange prevailing at the close of the year.
- (3) The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$225,160.
- (4) The Company is contingently liable with respect to certain claims for alleged patent infringements and under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the Company.
- (5) Outstanding Letters of Credit at December 31, 1969 amounted to \$212,931.
- (6) Remuneration paid to the Company's directors includes amounts paid to directors holding salaried employment. Directors' remuneration paid amounted to \$161,967 in 1969 and \$120,399 in 1968. Direct remuneration of directors and senior officers as defined under the Securities Act of 1966 of Ontario amounted to \$250,228 in 1969 and \$205,141 in 1968.
- (7) The Company reflects in its statement of income, revenues and expenses in the period to which they relate, however, certain costs (i.e. warranty costs) are not deductible for income tax purposes until subsequent years and certain revenues (i.e. from service contracts) are taxable in the year of receipt. Income taxes prepaid as a result of these items are shown in Prepaid Expenses (as noted below) for current items and as Deferred Income Tax Charges for non-current items.

Prepaid Expenses include \$80,400 prepaid income tax charge in 1969 and \$70,100 in 1968. Working capital at December 31, 1968 has been amended to effect this change.

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GENERAL OFFICES AND FACTORY

DECEMBER 31, 1970

DIRECTORS

Vincent Barreca, *Chairman*
Stuart D. Brownlee
George E. Driscoll
John M. Godfrey, Q. C.
Ross D. Siragusa, Jr.
Edwin Whittaker

OFFICERS

Stuart D. Brownlee
President
Edwin Whittaker
*Executive Vice President-
Marketing*
J. A. Reed
*Vice President-Sales,
Province of Quebec*
John Stubbs
Vice President-Operations
Walter A. Turner
*Vice President-Finance and
Treasurer*
John M. Godfrey, Q. C.
Secretary
Robert Topp
Comptroller
George E. Driscoll
*Assistant Treasurer and
Assistant Secretary*

CANADIAN ADMIRAL

CORPORATION, LTD.
AND SUBSIDIARY

GENERAL OFFICES AND FACTORY
501 Lakeshore Road
Port Credit, Ontario, Canada

CANADIAN ADMIRAL

CORPORATION, LTD.
AND SUBSIDIARY

CANADIAN ADMIRAL,
SUBSIDIARY OF
ADMIRAL INTERNATIONAL
ENTERPRISES CORP.

CONSOLIDATED FINANCIAL STATEMENT

DECEMBER 31, 1970

CANADIAN ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1970 (WITH COMPARATIVE FIGURES FOR 1969) (Expressed in Canadian dollars)

| ASSETS | | LIABILITIES | |
|---|--------------|---|---|
| Current Assets | | Current Liabilities | |
| | 1970 | 1969 | |
| Cash | \$ 1,984,599 | \$ 1,512,762 | Accounts payable and accrued liabilities |
| Accounts receivable (less allowance for doubtful accounts) | 9,088,764 | 9,096,320 | Income and other taxes payable |
| Federal refundable tax | — | 19,004 | Due to unconsolidated subsidiary |
| Inventories—at the lower of cost or net realizable value | 7,726,395 | 9,141,096 | Note payable to Admiral Enterprises Corporation |
| Prepaid expenses (including prepaid income tax charges: 1970—\$439,800; 1969—\$456,800) | 469,467 | 476,841 | Admiral Corporation and its subsidiaries |
| Total current assets | 19,269,225 | 20,246,023 | trade accounts |
| Investment in and note receivable from Unconsolidated Finance Subsidiary (at underlying book equity)—(note 1) | 1,702,487 | 1,570,040 | Allowance for warranties current—(note 2) |
| Property, Plant and Equipment | | | Total current liabilities |
| Land, building, machinery and equipment—at cost | 4,816,262 | 4,663,312 | Allowance for Warranties |
| Less accumulated depreciation | 2,448,369 | 2,194,685 | Total Liabilities |
| | 2,367,893 | 2,468,627 | Shareholders' Equity |
| Unamortized cost of tools, dies, leasehold and land improvements | 225,990 | 192,886 | Capital Stock: |
| | 2,593,883 | 2,661,513 | Common—par value \$1.00 |
| Deferred Income Tax Charges | 260,900 | 152,200 | Authorized—300,000 shares |
| | \$23,826,495 | \$24,629,776 | Issued and fully paid up—1970—300,000 shares |
| | | | Contributed surplus |
| | | | Retained earnings |
| The accompanying notes are an integral part of this statement. | | Signed on behalf of the Board: Vincent Barreca Stuart D. Brownlee | |

AUDITORS' REPORT

To the Shareholders of

Canadian Admiral Corporation, Ltd.

We have examined the consolidated balance sheet of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary as at December 31, 1970 and the consolidated statements of income and retained earnings

and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles.

rency)

| | | |
|------------------------------|--------------|--------------|
| ed expenses | \$ 3,494,035 | \$ 4,924,401 |
| | 1,363,610 | 1,815,767 |
| subsidiary | 25,316 | 11,821 |
| ernational | | |
| | 252,755 | 428,954 |
| ted companies— | | |
| | 96,844 | 364,383 |
| d prepaid service contracts— | | |
| | 650,305 | 704,768 |
| | 5,882,865 | 8,250,094 |
| | 563,565 | 327,250 |
| | 6,446,430 | 8,577,344 |
| | | |
| 00 per share | | |
| shares | | |
| 287,776 shares | 287,776 | 287,776 |
| | 781,003 | 781,003 |
| | 1,068,779 | 1,068,779 |
| | 16,311,286 | 14,983,653 |
| | 17,380,065 | 16,052,432 |
| | \$23,826,495 | \$24,629,776 |

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ncial posi-
ember 31,
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r funds for
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nciples ap-

Hamilton, Ontario,
February 6, 1971

The accompanying notes are an integral part of this statement.

(Explanation from Robert Topp,
controller.)

CANADIAN ADMIRAL

CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for 1969)

| | 1970 | 1969 |
|--|------------------|--------------------|
| Source of Funds | | |
| Net income for year | \$ 1,327,633 | \$ 2,440,699 |
| Provision for depreciation | 285,468 | 235,271 |
| Amortization of tools, dies, leasehold and land im- provements | 120,817 | 124,601 |
| Equity in earnings of un- consolidated finance subsidiary | (132,447) | (118,403) |
| Increase in allowance for warranties | 236,315 | 42,333 |
| Increase in deferred in- come tax charges | (108,700) | 4,069 |
| From operations | 1,729,086 | 2,728,570 |
| From Federal refundable tax | — | 57,825 |
| Total | 1,729,086 | 2,786,395 |
| Application of Funds | | |
| Dividend paid | — | 3,165,536 |
| Expenditures for property, plant and equipment | 184,734 | 809,521 |
| Expenditures for tools, dies and leasehold alterations | 153,921 | 124,782 |
| Increase in advance to un- consolidated finance subsidiary | — | 400,000 |
| Total | 338,655 | 4,499,839 |
| Increase (Decrease) in Work- ing Capital | 1,390,431 | (1,713,444) |
| Working Capital at begin- ning of year | 11,995,929 | 13,709,373 |
| Working Capital at end of year | \$13,386,360 | \$11,995,929 |

The accompanying notes are an integral
part of this statement.

CANADIAN ADMIRAL

CORPORATION, LTD. AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1970

1. The Unconsolidated wholly-owned Finance Subsidiary:

(a) The accounts of the finance subsidiary have not been consolidated with those of the Company because of the material difference in the nature of the business.

(b) The underlying net assets of the finance subsidiary (before deducting an amount of \$1,200,000 represented by a note payable to the parent Company) are included on the balance sheet in the amount of \$1,702,487, and consist of net current assets of \$1,429,519 (primarily cash of \$282,473; accounts receivable of \$5,848,271—including installment contracts due after one year; less loan payable of \$4,700,000) plus non-current assets (net) of \$272,968.

2. Allowance for Warranties and Prepaid Service Contracts—Current:

The current portion of the allowance for warranties and prepaid service contracts appears separately under current liabilities. The applicable prepaid tax charge is classified under current assets and is included in the item "prepaid expenses". The comparative figures for the year 1969 are adjusted accordingly in the consolidated balance sheet and the consolidated statement of source and application of funds.

3. Conversion of U. S. Currency:

Certain current assets and current liabilities transacted in U.S. funds, are expressed in Canadian currency, converted at the rate of exchange prevailing at the close of the year.

4. Future Commitments under Real Property Leases:

The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$250,599.

5. Contingent Liabilities:

(a) The recourse obligations of the Company in respect to repurchases of repossessions and evidence of indebtedness of any dealer or manufacturer are limited, under an agreement with the finance subsidiary in each calendar year to 25% of the finance company's average monthly total outstanding of the respective receivable category during the preceding calendar year.

(b) Outstanding Letters of Credit amounted to \$136,000 at December 31, 1970.

6. Directors and Officers:

The Company had six directors for the years 1970 and 1969 and no remuneration was paid or payable to them as directors in respect of those years. There were also eleven officers (of which five were directors) in each of the years and the aggregate remuneration paid or payable to them as officers was \$181,242 in 1970 and \$242,524 in 1969.